What Is Controlling and Why Is It Important?

- **Controlling**: management function that involves monitoring, comparing, and correcting work performance

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Why Is Control So Important?

- Planning
- Empowering employees
- Protecting the workplace

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Exhibit 18-1
Planning-Controlling Link

Exhibit 18-1 shows shows how controlling provides a critical link back to planning.

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The Control Process

- **Control process**: a three-step process of measuring actual performance, comparing actual performance against a standard, and taking managerial action to correct deviations or inadequate standards

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Exhibit 18-2
The Control Process

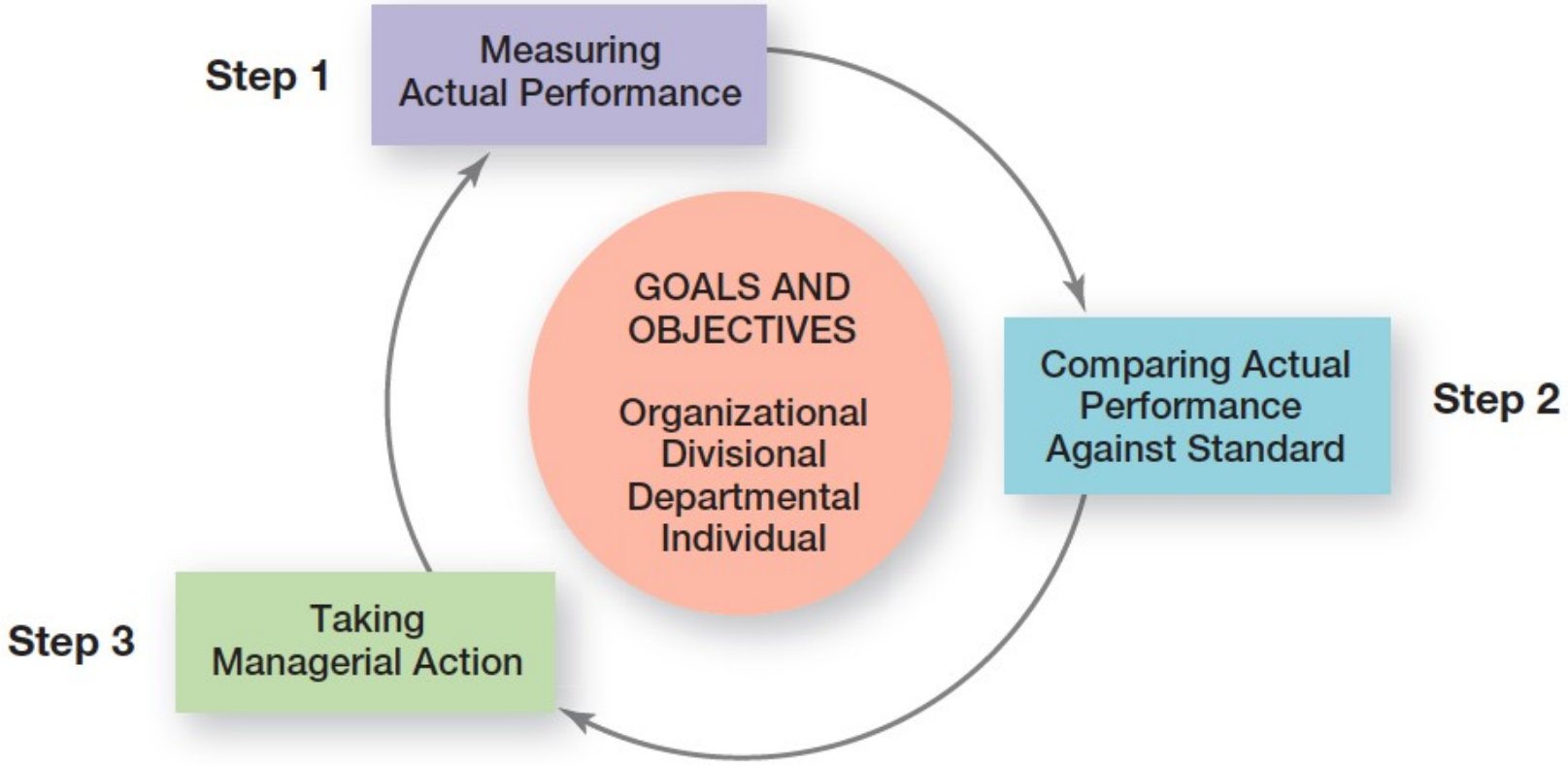

Exhibit 18-2 illustrates the three-step control process.

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Step 1: Measuring Actual Performance

- How we measure
- What we measure

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Exhibit 18-3: Sources of Information for Measuring Performance

Method	Benefits	Drawbacks
Personal Observations	-Get firsthand knowledge -Information isn't filtered -Intensive coverage of work activities	-Subject to personal biases -Time-consuming -Obtrusive
Statistical Reports	-Easy to visualize -Effective for showing relationships	-Provide limited information -Ignore subjective factors
Oral Reports	-Fast way to get information -Allow for verbal and nonverbal feedback	-Information is filtered -Information can't be documented
Written Reports	-Comprehensive -Formal -Easy to file and retrieve	-Take more time to prepare

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Step 2: Comparing Actual Performance Against the Standard

- **Range of variation**: the acceptable parameters of variance between actual performance and the standard

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Exhibit 18-4
Acceptable Range of Variation

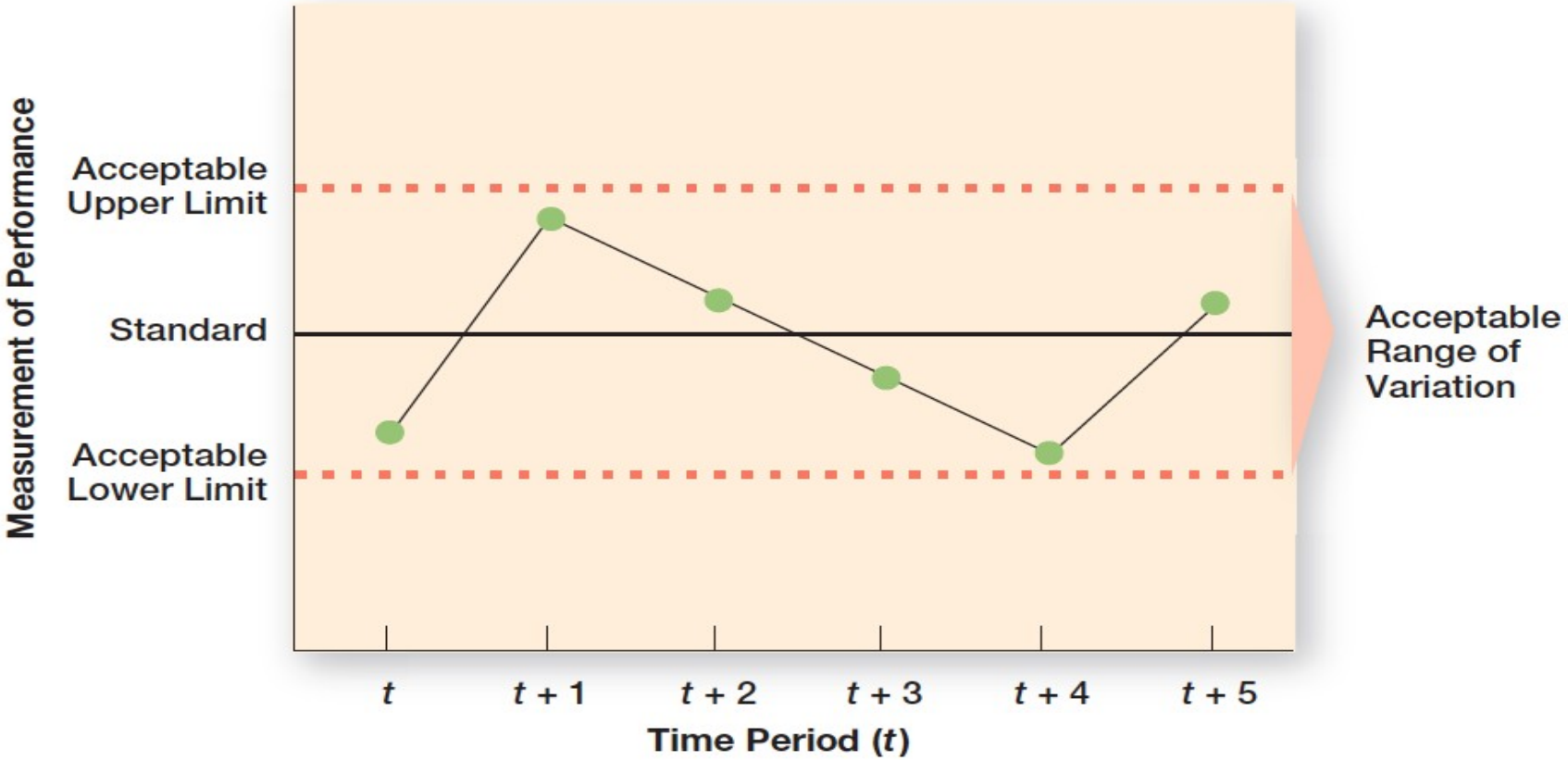

Exhibit 18-4 illustrates the acceptable range of variation.

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Step 3: Taking Managerial Action

- Correct actual performance
  - **Immediate corrective action**: corrective action that corrects problems at once to get performance back on track
  - **Basic corrective action**: corrective action that looks at how and why performance deviated before correcting the source of deviation

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Revise the Standard

- If performance consistently exceeds the goal, then a manager should look at whether the goal is too easy and needs to be raised.
- Managers must be cautious about revising a standard downward.

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Managerial Decisions in Controlling

- Depending on the results, a manager's decision is to do nothing, correct the performance, or revise the standard.

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Exhibit 18-6 Managerial Decisions in the

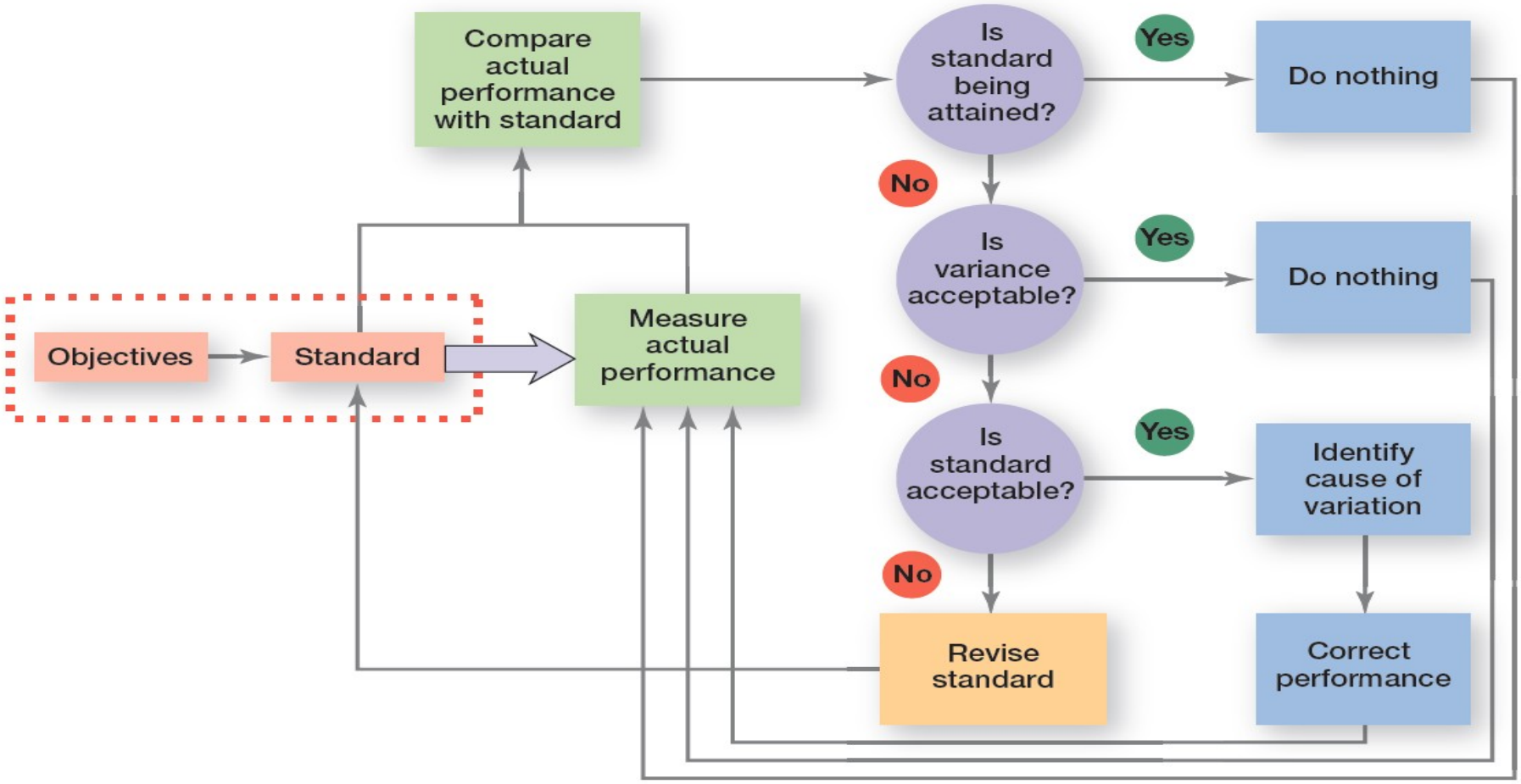

Exhibit 18-6 summarizes the decisions a manager makes in controlling

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What is Organizational Performance?

- **Performance**: the end result of an activity
- **Organizational performance**: the accumulated results of all the organization's work activities

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Measures of Organizational Performance

- **Productivity**: the amount of goods or services produced divided by the inputs needed to generate that output
- **Organizational effectiveness**: a measure of how appropriate organizational goals are and how well those goals are being met

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Controlling for Employee Performance

- **Disciplinary action**: actions taken by a manager to enforce the organization's work standards and regulations
- **Progressive disciplinary action**: an approach to ensure that the minimum penalty appropriate to the offense is imposed

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Exhibit 18-8: Types of Discipline Problems and Examples of Each

Problem Type	Examples of Each
Attendance	Absenteeism, tardiness, abuse of sick leave
On-the-Job Behaviors	Insubordination, failure to use safety devices, alcohol or drug abuse
Dishonesty	Theft, lying to supervisors, falsifying information on employment application or on other organizational forms
Outside Activities	Criminal activities, unauthorized strike activities, working for a competing organization (if no-compete clause is part of employment)

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Feedforward/Concurrent/ Feedback Controls

- **Feedforward control**: control that takes place before a work activity is done
- **Concurrent control**: control that takes place while a work activity is in progress
- **Management by walking around**: a term used to describe when a manager is out in the work area interacting directly with employees
- **Feedback control**: control that takes place after a work activity is done

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Exhibit 18-9
Types of Control

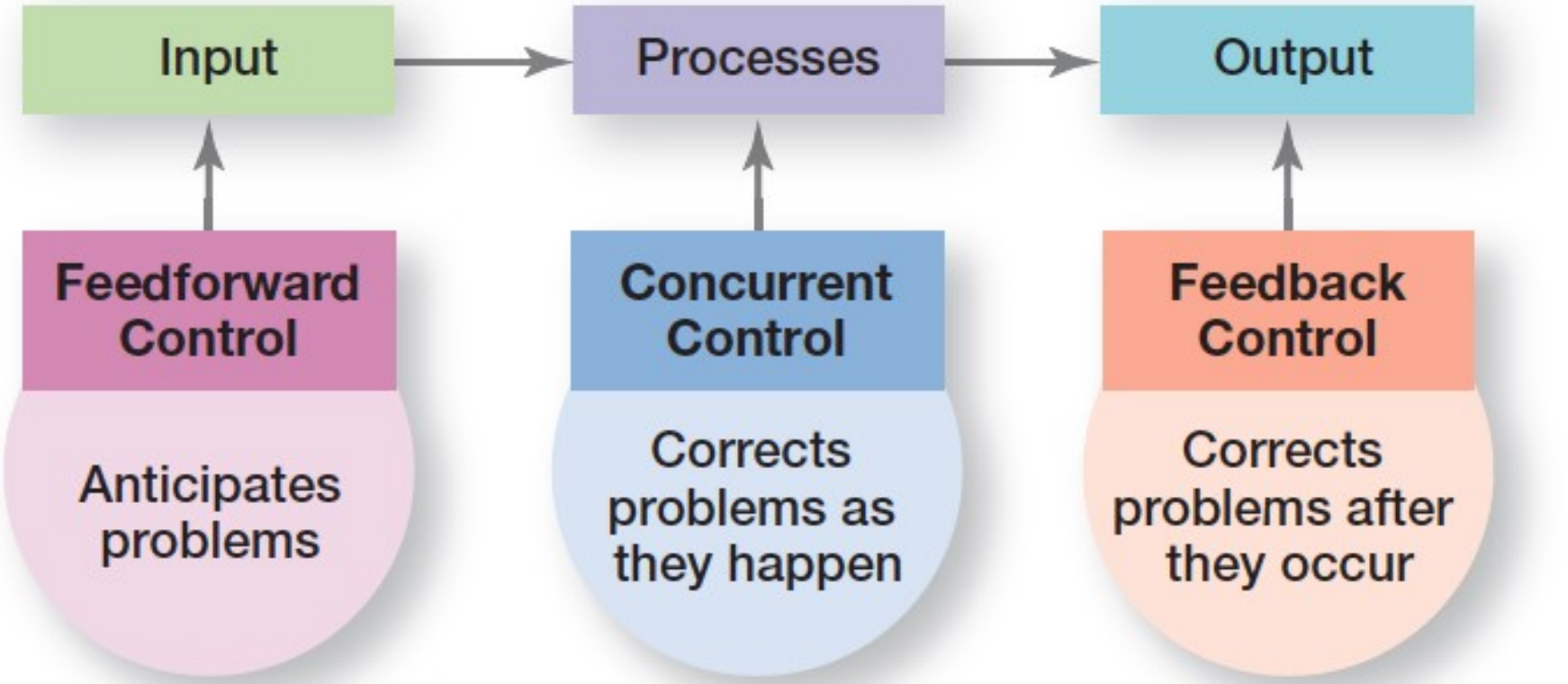

Exhibit 18-9 shows the three kinds of control

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Balanced Scorecard

- **Balanced scorecard**: a performance measurement tool that looks at more than just the financial perspective

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